

Virginia Department of Taxation
Form NP-1 Sales and Use Tax Exemption Instructions for
Nonprofit Organizations

Register on-line at <https://www.npo.tax.virginia.gov>

- Please read instructions carefully before completing this form.
- Please print or type and provide the information requested on all lines that apply to your organization.
- For assistance call (804) 371-4023.

Mail or FAX application to:
Virginia Department of Taxation
Nonprofit Exemption Unit
Post Office Box 27125
Richmond, Virginia 23261-7125
FAX Number - (804) 786-2645

Instructions

Complete this application if you are a nonprofit organization or nonprofit church applying for a retail sales and use tax exemption. For more information on exemption requirements, see Code of Virginia Section 58.1- 609.11 or visit our website at www.tax.virginia.gov/nonprofit. See checklist of requirements on page 4 of the instructions.

Section I - Part 1 - Reason for Submitting Form

Check the box to indicate the reason for submitting this form:

- ☐ **New Exemption Application** - Select if you are applying for a retail sales and use tax exemption for the first time.
- ☐ **Renew Exemption Application** - Select if you currently have an exemption that is due to expire or has expired.

Part 2 - Internal Revenue Service - Exempt Designation

Check the tax-exempt status that applies to the organization.

- ☐ 501(c)(3) or ☐ 501(c)(4)

An organization requesting a sales and use tax exemption must be exempt under Sections 501(c) (3) or (c) (4) of the Internal Revenue Code (IRC) or has gross receipts less than \$5,000 and organized for one of the purposes under Sections 501(c) (3) or (c) (4). If the organization has a letter of exemption from the IRS, please submit a copy along with your application. **For information on how to apply for federal tax-exempt status, contact the IRS at (877) 829-5500 or visit their website at www.irs.gov/eo .**

Section II - Business Information

- Question 1.** Enter the full legal name of the organization.
- Question 2.** Enter the Federal Employer Identification Number (FEIN) for the organization. **Do not enter the dash if applying online. You must have a Fein to apply.** Visit the IRS website at www.irs.gov to apply.
- Question 3.** Enter the street address of the organization's physical location. The exemption certificate and all other correspondence will be mailed to the physical address provided.
- Question 4.** Enter the street address where the organization's financial records are available for public inspection if different from the physical address.
- Question 5.** Enter the name, title, address, daytime telephone number, FAX number, and e-mail address of the contact person for the organization. This must be a knowledgeable person in the

organization whom the Department may contact for information about the organization. This individual will be listed as the authorized representative on the exemption certificate.

Question 6. Check the box that best describes the purpose for which the organization was created. If you are a church proceed to the next question, if not skip to question 8.

- | | | |
|--|--------------------------------------|----------------------------------|
| <input type="checkbox"/> Civic and Community Service | <input type="checkbox"/> Cultural | <input type="checkbox"/> Medical |
| <input type="checkbox"/> Church | <input type="checkbox"/> Educational | |

Section III - Nonprofit Church

Question 7. Legislation provides two options for nonprofit churches requesting a retail sales and use tax exemption. Select only one box below.

- ☐ **Option 1 - Form ST-13A** - Churches using the self-issued exemption certificate are entitled to the sales and use tax exemption under the law, as it existed on June 30, 2003 (see Code of Virginia Section 58.1-609.10(16). Churches selecting this option are limited on its purchases of tangible personal property. Title 23 of the Virginia Administrative Code (VAC) 10-210-310 provides an illustrative listing of taxable and exempt purchases for nonprofit churches. The organization will not be assigned a tax-exempt number with this option.

**Stop here if you select this option. You are now ready to download the certificate if applying online. If completing a paper application, please mail to the department and the exemption certificate will be mailed to you once approved.*

- ☐ **Option 2 -Tax-Exempt Number** - Nonprofit churches can apply to the department for a tax-exempt number and enjoy a broader exemption. Nonprofit churches applying for this option must meet all of the exemption requirements under Code of Virginia 58.1-609.11. If this box is checked, proceed to Section V – Financial Information.

Section IV - Exempt from Collecting Sales Tax or Exempt on the Purchases of Taxable Services

Question 8.

Part I Complete this question **only** if you were granted an exemption from collecting the sales and use tax or fall within the same class of any entity exempt as of June 30, 2003. If the answer is no, proceed to Part II. The organization may still qualify for an exemption on purchases of tangible personal property. Review the list below to see if the organization qualifies for an exemption from collecting the sales and use tax on items sold. If yes, select one of the organization classifications from the list.

Part II Check the appropriate box below if you were granted an exemption from paying sales tax on taxable services as of June 30, 2003. If you fall into this category, select the box for “Exempt on Taxable Services”. If no, select “Other” and proceed to Section V – Financial Information. Review the list below to see if the organization qualifies for an exemption on the purchases of taxable services.

Organization Classifications

Below is a list of organization classifications that were exempt from collecting the sales tax or exempt on the purchases of taxable services as of June 30, 2003. Review each classification below to determine if you qualify for an expanded exemption. The organization **must** provide all the services as indicated in the classification selected.

Please select only one if the organization qualifies for an expanded exemption.

1. Cancer Organizations

Organized exclusively for the purpose of eliminating cancer as a major health problem by preventing cancer, saving lives from cancer, and diminishing suffering from cancer through research, education and service.

2. Cardiovascular Organizations

Organized and operated exclusively for the purposes of providing education, training, certification in emergency cardiac care, research, and other related services to reduce disability and death from cardiovascular diseases and stroke.

3. Diabetes Organizations

Organized and operated exclusively for the purpose of eliminating diabetes through medical research, public education focusing on disease prevention and education, patient education including information on coping with diabetes, and professional education and training.

4. Food Banks

Food bank or organization organized exclusively for the distribution of foods to infants, the ill, or the needy; the exemptions shall apply to each transaction in the chain of commerce from manufacture to final disposition, provided that such food bank or organization is not conducted for profit.

5. Fundraising For Elementary or Secondary Schools (e.g., Parent Teacher Association).

A nonprofit elementary or secondary school, or Parent Teacher Association or other group associated with a nonprofit elementary or secondary school for use in fund-raising activities, the net proceeds (gross receipts less direct expenses) of which are contributed directly to the school or used to purchase certified school equipment, and certified school equipment purchased by such groups for contribution directly to the school. For the purposes of this subdivision, "certified school equipment," means equipment for which the Parent Teacher Association or other group has received certification from the school that it will accept as a donation of equipment. The certification provided by the school shall be in accordance with regulations promulgated by the Tax Commissioner. Notwithstanding the other provisions of this subdivision, the tax shall not apply to the sale of class rings, school photographs, and other fund-raising programs from which a nonprofit elementary or secondary school receives a commission or the net proceeds after the payment of vendors and other direct expenses.

6. Lung Organizations

Organized and operated exclusively for the purpose of eliminating all lung disease, including asthma, emphysema, lung cancer and pneumonia, through medical research, public education focusing on disease prevention and education, patient education including information on coping with lung disease, smoking and air pollution prevention, and professional education and training.

7. Noncommercial Educational Telecommunications Entity

Nonprofit organized to encourage the growth and development of public radio and television broadcasting, including the use of such media for instructional, educational, and cultural purposes.

8. Nonsectarian Youth Organizations (e.g., Boys and Girls Scouts)

Nonsectarian youth organization, which is organized for the purposes of the character development and citizenship training of its members using the methods now in common, use by Girl Scout or Boy Scout organizations in Virginia.

9. Nutrition Programs

Nonprofit nutrition programs for the elderly qualifying under 42 U.S.C. § 3030e through 42 U.S.C. § 3030g, as amended, as administered by the Virginia Department for the Aging, and the food and food products sold under such programs to elderly persons and the food and food products sold by such program participants to disabled or handicapped persons under the age of sixty.

10. Physical Education Programs

Nonprofit charitable organization which is organized exclusively to foster, sponsor and promote physical education, athletic programs and contests for youths in the Commonwealth.

11. Provide Food Packages At Reduced Prices

Organized for the purpose of providing food packages at a reduced price through host organizations (i.e., churches, community centers, senior centers, medical centers, Head Start programs) to individuals who agree to perform community service.

12. Services provided to: (1) the blind or visually impaired or for programs devoted to the prevention of the loss of eyesight; (2) the deaf or hearing impaired; drug abusers and for drug awareness programs; (3) diabetics and diabetes detection; and (4) cultural and educational opportunities for the musical talented boys and girls of the Commonwealth, for use in fund-raising activities, provided the net proceeds (gross receipts less expense) from such sales are contributed directly to or used to fund the charitable purposes for which the organization is organized (**e. g., Lions Club**).

13. Supports Public Libraries

Organized exclusively for the purpose of providing support to public libraries.

14. Taxable Service Exemption

Certain nonprofit organizations exempt from paying sales tax on taxable services as of June 30, 2003, may continue to make purchases of taxable services exempt of the tax (e.g., Junior Achievement organizations, Skills USA-Vica, Inc., Future Business Leaders of America). **This applies only to those organizations that held a valid exemption for taxable services as of June 30, 2003.**

15. Training and Education In Law Enforcement

Exclusively provides either training and education of any type or duration for employees of governmental law-enforcement and corrections agencies or education of the public in citizen cooperation with public authorities in crime prevention and solution, provided such foundation is nonprofit.

16. Virginia Federation of Humane Societies

Virginia Federation of Humane Societies or any chartered, nonprofit organization incorporated under the laws of this Commonwealth and organized for the purpose of preventing cruelty to animals and promoting humane care of animals, when such property is used for the operation of such organizations or the construction or maintenance of animal shelters.

17. Volunteer Fire Department and Rescue Squads

Volunteer fire departments or volunteer rescue squads, an auxiliary or junior organization of such department or squad not conducted for profit; a nonprofit association of which the regular membership is composed of such volunteer fire departments or volunteer rescue squads. The organizations shall be exempt on construction materials incorporated into realty when sold to and used by such organization, rather than a contractor, in construction, maintenance, or repair of any property of such organization.

18. Volunteer Medical Service Organizations

Provide reconstructive surgery and related health care to indigent children and young adults in developing countries and the United States.

19. Youth Symphony Orchestras

Organized exclusively to foster, promote and increase the musical knowledge, appreciation, experience and performing ability of young people and of the general public, by establishing, maintaining and operating one or more youth symphony orchestras in the Commonwealth.

Section V - Financial Information

Question 9. If you are a new organization and have no financial information at this time, enter zero(s) in the applicable fields.

- (a). **Previous Year's Annual Gross Revenue (AGR):** Enter revenue received from all sources during the organization's annual accounting period before subtracting any costs or expenses. See federal Form 990 or 990-EZ, enter the amount as reported to the IRS. If the previous year annual gross revenue is less than \$5,000, you must provide a detailed mission statement and a financial statement verifying the organizations gross revenue and expenses.

NOTE: Nonprofit organizations with gross annual revenue of at least \$750,000 in the previous year are required to provide a financial review performed by an independent certified public accountant. The Department may require an organization with gross annual revenue of at least \$1 million in the previous year to provide a financial audit performed by an independent certified public accountant in lieu of a financial review.

- (b). **Previous Year's Total Fundraising Expenses:** Enter fundraising expenses incurred in soliciting contributions, gifts and grants. Fundraising expenses should include all allocable overhead costs incurred in: (1) publicizing and conducting fundraising campaigns; (2) soliciting bequests and grants from foundations or other organizations, or government grants; (3) participating in federated fundraising campaigns; (4) preparing and distributing fundraising manuals, instructions, and other materials; (5) salaries; and (6) conducting special events that generate contributions. If filed federal Form 990, or 990-EZ, enter the amount as reported to the IRS.

- (c). **Previous Year's General Administrative Expenses:** Enter administrative expenses incurred for overall function and management, rather than for its direct conduct of fundraising activities or program services. Overall management includes the salaries and expenses of the chief officer of the organization and that officer's staff. If part of their time is spent directly supervising program services and fundraising activities, their salaries and expenses should be allocated among those functions. If filed federal Form 990 or 990-EZ, enter the amount as reported to the IRS.

NOTE: If not required to file federal Form 990 or 990-EZ, you may need to use other financial documents to provide this information.

Section VI – Total Purchases Made in Virginia

Definition of Tangible Personal Property (TPP) – is any items that can be seen, weighed, measured, felt, or touched, or is in any other manner perceptible to the senses. Examples of tangible personal property include, supplies, furniture, office equipment, or any items purchased for use or consumption by the organization.

Question 10. Purchases Made in Virginia

Virginia law provides an exemption to nonprofit organizations on purchases of tangible personal property for its use or consumption. Effective July 1, 2013, the Retail Sales and Use Tax rate for most purchases increased to 5.3 percent statewide. For Northern Virginia and Hampton Road regions, the sales tax rate increased to 6 percent. Check the appropriate box if the organization intends to make purchases in Virginia.

If yes, enter an estimate of the dollar amount of purchases made or to be made in the designated regions. Please allocate the purchases as accurately as possible. Enter zeros if no purchases were made. Calculate the purchases based on the organization's federal accounting period.

If no, please provide a brief statement explaining why the organization is requesting an exemption but have no plans to make purchases in Virginia.

Question 11. Federal Form 990, 990-EZ, 990-PF or 990-N Requirement:

If the organization is required to file a federal Form 990, 990-EZ, 990-N, or 990-PF with the Internal Revenue Service (IRS), you may be asked to upload a copy of the form or mail to the Department of Taxation, Post Office Box 27125, Richmond, VA 23261-7125. You must also provide the due date of the most recent filed return or if you are newly organized, provide the date the return is due.

If the organization has no filing requirement with the IRS, then you must provide the following information: name, title and address of two members of the Board of Directors; location where the financial records of the organization are available for public inspection; and a copy of the organization's prior year's financial statement verifying the annual gross revenue, fundraising and general administrative costs

Question 12 Virginia Solicitation of Contributions Law: Virginia law requires organizations that solicit contributions or donation in Virginia to register with the Virginia Department of Agriculture and Consumer Services (VDACS). The organization must provide proof of compliance with the state solicitation laws under Chapter 5, Title 57 of the Code of Virginia. If you have any questions, call VDACS at (804) 786-1343.

Section VII - Signature

This section must be completed.

Read the statement and complete the section if you are authorized to sign the application. If not, have the application signed and dated by an authorized person. Unsigned applications will not be processed.

CHECKLIST

Please make sure all questions are answered and that the following documents are included with the application, if required:

- ✓ **501(c)(3) or 501(c)(4) - IRS Determination Letter**
- ✓ **Mission Statement or Statement of Purpose**
- ✓ **Proof of registration for Virginia Solicitation of Contributions Law**
- ✓ **Federal Form 990, 990-EZ, 990-PF, 990-N, or substitute form**
- ✓ **Independent Financial Audit or Review from an Independent Certified Public Accountant**
- ✓ **Estimate of Total Taxable Purchases to be made in Virginia (estimates are acceptable)**
- ✓ **Authorized Representative's Signature**

MAILING INFORMATION

**Virginia Department of Taxation
Office of Customer Services
Nonprofit Exemption Unit
Post Office Box 27125
Richmond, Virginia 23261-7125**

**Virginia Department of Taxation
Office of Customer Services
Nonprofit Exemption Unit
600 East Main Street
Richmond, Virginia 23219**